



Louisiana Public Service Commission

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August 24, 2011

FCC Chairman Julius Genachowski
Commissioner Michael J. Copps
Commissioner Robert M. McDowell
Commissioner Mignon Clyburn
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Re:Comments to FCC's Further Inquiry Into Certain Issues in the Universal Service – Intercarrier Compensation Transformation Proceeding ("Further Inquiry") *Connect America Fund*, WC Docket No. 10-90; *A National Broadband Plan for Our Future*, GN Docket No. 09-51; *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135; *High-Cost Universal Service Support*, WC Docket No. 05-337; *Developing an Unified Intercarrier Compensation Regime*, CC Docket No. 01-92; *Federal-State Joint Board on Universal Service*, CC Docket 96-45; *Lifeline and Link-Up*, WC Docket No. 03-109.

Dear Mr. Chairman and Commissioners:

I am a Commissioner serving on the Louisiana Public Service Commission ("LPSC"). I am writing to request that any reforms that the Federal Communications Commission ("FCC") authorizes, regarding the federal universal service fund ("USF") and intercarrier compensation ("ICC") support mechanisms should not be changes that would jeopardize the ongoing viability of these programs and the critical support they provide to the Rural Telephone Companies of Louisiana. The continued provision of affordable high-quality telecommunications and advanced services to our citizens throughout the rural areas of Louisiana depends on the long-term viability of the federal USF and ICC programs.

I am concerned that certain proposals, as described in the Further Inquiry released August 3, 2011, may have the unintended consequence of reducing the availability, affordability, and/or sustainability of services for consumers in the most rural areas of Louisiana. Any reforms that the FCC undertakes should be carefully crafted to address needed improvements in existing programs as well as ensure that rural consumers have ongoing access to broadband services that are reasonably comparable in price and quality to those available in urban areas.

The universal provision of high-quality services to the rural citizens and businesses of Louisiana is dependent upon the rural telephone companies continued ability to deploy and maintain their networks which, in turn, rely on federal USF and ICC for a significant portion of their network cost recovery. It follows that any reform plan should ensure that network providers, particularly those with carrier of last resort obligations, retain the ability and incentive to invest in and upgrade their facilities in response to consumers' growing demands and evolving needs.

Any reform plan adopted by the FCC should reflect a balance of consumer interests. No reform plan should disproportionately burden the rural residents and small businesses of Louisiana. While the FCC considers reforms that orient the USF toward more express support of broadband-capable networks, and affordable end-user rates, the FCC should strive to ensure that any reforms adopted include retaining mechanisms that have worked to deliver broadband-capable networks in the rural areas of the nation to date, including rate of return cost recovery at the federal level.

Many of the proposals outlined in the FCC's USF and ICC NPRM and Further Inquiry, if adopted, could jeopardize universal service in the rural areas of Louisiana. In particular, proposals that would reduce ICC rates to zero or near-zero, and attempt to preempt state authority over intrastate access charges could result in lengthy legal proceedings that would harm the public by delaying needed certainty regarding intercarrier compensation issues. Artificially low ICC rates could place additional pressure on end user rates and, absent sufficient and predictable federal revenue recovery mechanism, could threaten continued network investment, operation and upgrades in rural areas.

In its USF and ICC NPRM, the FCC has identified four principles, rooted in Section 254 of the Communications Act of 1934, as amended (the "Act"), to guide its USF and ICC reforms:

Modernize USF and ICC for Broadband. Any reform of USF and ICC mechanisms should achieve the FCC's goal of modernizing USF and ICC for broadband in a manner that is "specific, predictable and sufficient," as required under Section 254 of the Act, and ensures that advanced services and rates in rural areas are "reasonably comparable" to those available to consumers and businesses in urban areas. Reforms should promote responsible investment that will keep high-cost areas served where broadband is currently deployed and permit the responsible expansion of broadband into currently unserved high-cost areas.

Achieve Fiscal Responsibility. The FCC should balance between its desire to minimize contribution amounts imposed on consumers nationwide and the need to avoid detrimental impacts on rural consumers and to achieve reasonable comparability between rural and urban service. The FCC should take immediate action to stabilize USF mechanisms by broadening the base of USF contributors. Broadband Internet access providers collectively represent a large and growing source of connections and revenues as well as overall network utilization.

Ensure Accountability. To achieve accountability from companies receiving support, reforms should carry forward critical carrier of last resort responsibilities to a broadband environment and require USF recipients to satisfy these responsibilities. The States will continue to have an important role in preserving carrier of last resort principles and rules, and in protecting and enforcing consumer interests. The FCC should ensure that any actions it takes do not undermine the states' interests in protecting consumers. The States can be essential partners with the FCC in ensuring accountability of USF support recipients through reasonable, well defined carrier of last resort obligations.

Market Driven Policies. Reforms should incorporate effective and efficient incentives for broadband deployment and adoption. Reforms mechanisms should include a flexible transition process so that they can be adjusted to reflect changes in the broadband marketplace. Market based funding proposals such as reverse auctions and cost models are unworkable and may cause USF funding to become unstable and unpredictable. The use of competitive bidding in rural areas could jeopardize future network investment and place at significant risk the continued availability of reasonably comparable services and rates to rural consumers. Telecommunications networks require large investments in long-

lived infrastructure, and without a reasonable expectation that these costs can be recovered, investments will not be made.

The FCC should ensure that any reduction or elimination of funding does not affect the ability of the rural incumbent carriers to recover existing investments made under current rules.

Reforms should enable rural carriers to continue to focus on broadband deployment and adoption without any "flash-cuts" that would cause rural consumers and businesses to experience service disruptions, declines in service quality, or drastic changes in rates for service. Reforms should also recognize the hybrid nature of today's federal-state USF and ICC mechanisms, and balance the need for both federal and state involvement in broadband and high-cost support administration.

Thank you for considering my input on these very important issues. I appreciate your commitment to balance the various competing interests in this matter for the benefit of the rural citizens of Louisiana and the nation.

With best regards I remain

Very truly yours,

A handwritten signature in black ink, appearing to read "E. Skrmetta", written over a large, faint circular seal of the State of Louisiana.

Eric Skrmetta
Commissioner

cc: Marlene H. Dortch, Secretary, Federal Communications Commission

Eric Skrmetta
Commissioner